



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

4 April 1985

The Economy of the Chengdu Consular District

The three provinces and one autonomous region (hereafter all referred to as provinces) in the Chengdu Consular District constitute the geographic region known as Southwest China. Sichuan, Yunnan, Guizhou, and Tibet make up 16.1 percent of China's population, but produce only 9.7 percent of the country's total industrial and agricultural output value (See Table 1 for a summary of the provincial economies of Southwest China).^{*} With two major cities, Sichuan--China's most populous province--is far and away the economic center of the Consular District. In fact, Sichuan's largest city, Chongqing (total population 13.9 million), is now China's biggest, having surpassed Shanghai. Even if the non-urban population of Chongqing is excluded, the city, at 2.7 million, is still Sichuan's largest. Chengdu, the provincial capital and site of the Consulate General, has a total population of 8.5 million, with 2.5 residents located in the city proper. The only other large city in the Consular District is the Yunnan provincial capital Kunming, which has a total population of slightly over 2 million and an urban population of more than 1.3 million. (See Table 2 for a summary of the economies of the largest cities in the Chengdu Consular District). (U)

More important agriculturally than as an industrial area, the Southwest accounts for 14.7 percent of China's total grain production, including 16.4 percent of the nation's rice output and 22.3 percent of total tuber production. The region also produces 15.7 percent of the nation's corn and 10.5 percent of its wheat. In addition to being a major grain producer, the Southwest is also a major producer of economic crops, accounting for 18 percent of China's sugar cane, 14.8 percent of all oil-bearing crops, more than 19 percent of China's annual tea output and an impressive 28.8 percent of its tobacco. (U)

^{*}All economic statistics refer to year-end 1983, the most recent year for which data covering all four provinces in the Chengdu Consular District are available.

This memorandum was prepared by the Domestic Policy Branch, China Division, Office of East Asian Analysis. Questions and comments are welcome and should be directed to the Chief, Domestic Policy Branch

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Agricultural reform policies have been proceeding since the late 1970s and early 1980s. Sichuan was one of the first provinces to experiment with the "responsibility system" and achieved notable results while Premier Zhao Ziyang was in charge of that province. The pace of rural reform has been slower in Yunnan and Guizhou. In remote Tibet, the reforms required prodding by high-ranking officials who personally inspected the province and urged the speedy implementation of the responsibility system there. Now Tibet's herdsmen and farmers probably have more autonomy than that found in any other province. Despite Beijing's backing and increased autonomy, however, agricultural reforms in Tibet to date have not produced the impressive results observed in other Chinese provinces. One principal reason for Tibet's rather lackluster poor agricultural performance last year was outside the control of the responsibility system: poor weather and a prolonged drought. (U)

Despite the almost universal implementation of rural reform measures and several straight years of good harvests, however, there is much room for improvement in Southwest China's agriculture. Most farming is still done by centuries-old techniques. Productivity is still fairly low in the four provinces, with average crop yields--even in Sichuan--generally lower than the national standards. As is the case in the rest of China, future agriculture performance depends on three hard-to-predict variables: the weather, private investment in farming inputs, and the effects of Beijing's recent agricultural procurement price policy changes. (U)

Southwest China is not one of the country's most important industrial regions. The share of total industrial output value produced in the four provinces represents only eight percent of the nation's total. Moreover, Sichuan produces more than twice as much industrial output as do the other three provinces combined. Sichuan produces 8.8 percent of the nation's rolled steel, 6.8 percent of its cement, and 6.2 percent of total coal output. Nevertheless, for a province of over one hundred million residents, there is a remarkable lack of basic industrial development. For example, Sichuan produces 5.4 percent of China's total electricity output, less than five percent of the nation's total cloth output, 3.4 percent of its walking tractors, and only 1.8 percent of its bicycles. In all of Sichuan, there are less than 3,000 kilometers of railways. (U)

One recent policy measure designed to encourage the Southwest's industrial development is the granting of special status to Chongqing Municipality. Beijing appears to have recognized that isolated, inland Southwest China, in contrast to the coastal cities that are now developing special economic zones open to foreign trade and investment, must be given greater flexibility if it is to have a fighting chance at modernization. Since 1983 China's largest city has held an economic rank nearly equivalent to a province and has been given increased autonomy in its dealings with foreign businessmen. The reforms to date have not resulted in much new foreign investment in Chongqing, but the process is still in its early stages. (U)

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The standard of living in Southwest China for both urban and rural residents lags behind the national average. Two of China's three poorest provinces (Guizhou, Tibet, and Gansu) are located in the Southwest. Even in relatively well-off Sichuan and Yunnan, however, incomes are still some 15 percent below the national average. Official data on per capita consumption suggest still further that living conditions for residents of the four provinces continue to be difficult. One glaring example serves to illustrate: total retail sales--in state markets and free markets combined--in Southwest China account for only 10.6 percent of China's total. (U)

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Table 1
Economic Profile of The Chengdu Consular District (1983)

| | <u>Sichuan</u> | <u>Guizhou</u> | <u>Yunnan</u> | <u>Tibet</u> |
|---|----------------|----------------|---------------|--------------|
| <u>Agriculture</u> | | | | |
| Gross Value of Agri. Output (Billion Yuan) | 25.4 | 5.2 | 6.9 | 0.6 |
| % Share of Nat'l Output of: | | | | |
| Grain | 10.4 | 1.8 | 2.5 | 0.1 |
| Rice | 11.5 | 2.2 | 2.7 | --- |
| Wheat | 8.9 | 0.4 | 1.1 | 0.1 |
| Corn | 8.6 | 3.1 | 3.9 | --- |
| Oilseeds | 10.7 | 2.7 | 1.3 | 0.1 |
| Sugarcane | 6.2 | 0.4 | 11.3 | --- |
| <u>Industry</u> | | | | |
| Gross Value of Industrial Output (Billion Yuan) | 34.0 | 6.2 | 8.9 | 0.1 |
| % of GVIO in: | | | | |
| Light Industry | 48.1 | 37.2 | 50.4 | 41.5 |
| Heavy Industry | 51.9 | 62.8 | 49.6 | 58.5 |
| % Share of Nat'l Output of: | | | | |
| Rolled Steel | 8.8 | 0.3 | 1.2 | --- |
| Coal | 6.2 | 2.6 | 2.0 | --- |
| Cement | 6.8 | 1.7 | 2.1 | 0.1 |
| Motor Vehicles | 1.3 | --- | 0.4 | --- |
| Cloth | 4.9 | 0.4 | 1.0 | --- |
| Bicycles | 1.8 | --- | 0.6 | --- |
| Sugar | 4.0 | 0.2 | 7.6 | --- |
| Electricity | 5.4 | 2.0 | 1.8 | 0.1 |
| Walking Tractors | 3.4 | 0.1 | 1.5 | --- |

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Transportation

| | | | | |
|----------------|---------|---------|---------|--------|
| Railways (km) | 2,875.6 | 1,395.8 | 1,620.5 | --- |
| Highways (km) | 84,624 | 27,675 | 46,230 | 21,551 |
| Waterways (km) | 8,192 | 1,661 | 1,010 | --- |

Living Standards

| | | | | |
|--|-----|-----|-----|-------|
| Average Annual Wages in State- owned Enterprises (yuan) | 827 | 830 | 857 | 1,397 |
|--|-----|-----|-----|-------|

| | | | | |
|---|-----|-----|-----|-----|
| Average Annual Rural Per Capita Income (yuan) | 258 | 225 | 267 | 216 |
|---|-----|-----|-----|-----|

| | | | | |
|----------------------------------|-----|-----|-----|-----|
| % Share of Nat'l Retail Sales | 6.8 | 1.5 | 2.2 | --- |
|----------------------------------|-----|-----|-----|-----|

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Table 2
Economic Profile: Chongqing, Chengdu, and Kunming Municipalities (1983)*

| | <u>Chongqing</u> | <u>Chengdu</u> | <u>Kunming</u> |
|--|------------------|----------------|----------------|
| Population (year end): | | | |
| Total Municipality | 13,890,000 | 8,490,000 | 2,020,000 |
| City Proper | 2,690,000 | 2,510,000 | 1,320,000 |
| Ind. Output (GVIO, Billion 1980 yuan): | | | |
| Total Municipality | 9.9 | 7.4 | 3.8 |
| City Proper | 6.9 | 6.0 | 3.3 |
| Of which: | | | |
| Light Industry (%) | 48.1 | 41.0 | 53.4 |
| Heavy Industry (%) | 51.9 | 59.0 | 46.6 |
| Length of Paved Roads, City Proper (km) | 1,937 | 335 | 245 |
| Public Buses and Trolleys | 862 | 559 | 383 |
| Bicycles | 50,200 | 879,000 | 552,500 |
| Retail Sales Outlets | 11,968 | 17,497 | 7,376 |
| Retail Sales (Billion yuan) | 1.7 | 1.5 | 1.1 |
| Workers and Staff (year end) | 1,226,700 | 971,500 | 579,300 |
| Private Sector Workers | 12,980 | 11,479 | 9,915 |
| Public Libraries | 6 | 7 | 6 |
| Public Library Books | 4,535,000 | 1,243,000 | 2,262,000 |
| Hospitals and Clinics | 843 | 853 | 1,053 |
| Hospital Beds | 13,872 | 12,508 | 7,988 |
| Doctors | 10,245 | 12,776 | 7,536 |

 *All data are for city proper unless otherwise specified.

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